

# Corporate Franchise & Income Tax - Income Apportionment

## Hypothetical Comparison of Two Corporations

### Corporation A High Proportion of Property and Payroll in Utah, Low Proportion of Sales in Utah

Corporation A Assumptions				Equally Weight Factors				Double Weighted Sales Factor				Single Sales Factor			
Factor	Utah Portion	Total Nationwide	Ratio of Utah Portion to Total Nationwide	Factor Weight	Allocation (Factor weight x ratio)	Factor weight %	Allocation (Factor weight % x ratio)	Factor weight	Allocation (Factor weight x ratio)	Factor weight %	Allocation (Factor weight % x ratio)	Factor weight	Allocation (Factor weight x ratio)	Factor weight %	Allocation (Factor weight % x ratio)
Payroll	\$ 900	\$ 1,000	90%	1	0.90	33%	30.0%	1	0.90	25%	22.5%	0	0.00	0%	0%
Property	*****	\$ 5,000	90%	1	0.90	33%	30.0%	1	0.90	25%	22.5%	0	0.00	0%	0%
Sales	\$ 100	\$ 10,000	1%	<u>1</u>	<u>0.01</u>	<u>33%</u>	<u>0.3%</u>	<u>2</u>	<u>0.02</u>	<u>50%</u>	<u>0.5%</u>	<u>1</u>	<u>0.01</u>	<u>100%</u>	<u>1.00%</u>
Total				3	1.81	100%	60.3%	4	1.82	100%	45.5%	1	0.01	100%	1.0%
					/ 3				/ 4				/ 1		
					60.3%				45.5%				1.0%		
Nationwide taxable income \$ 3,000															
x % apportioned to Utah															
Income apportioned to Utah y result															
x Utah tax rate															
Utah Tax z tax															
							\$ 3,000				*****				*****
							60.3%				45.5%				1.0%
							\$ 1,810				*****				\$ 30
							5%				5%				5%
							\$ 91				\$ 68				\$ 2

### Corporation B Low Proportion of Property and Payroll in Utah, High Proportion of Sales in Utah

Corporation B Assumptions				Equally Weight Factors				Double Weighted Sales Factor				Single Sales Factor			
Factor	Utah Portion	Total Nationwide	Ratio of Utah Portion to Total Nationwide	Factor Weight	Allocation (Factor weight x ratio)	Factor weight %	Allocation (Factor weight % x ratio)	Factor weight	Allocation (Factor weight x ratio)	Factor weight %	Allocation (Factor weight % x ratio)	Factor weight	Allocation (Factor weight x ratio)	Factor weight %	Allocation (Factor weight % x ratio)
Payroll	\$ 100	\$ 1,000	10%	1	0.10	33%	3.3%	1	0.10	25%	2.5%	0	0.00	0%	0.0%
Property	\$ 500	\$ 5,000	10%	1	0.10	33%	3.3%	1	0.10	25%	2.5%	0	0.00	0%	0.0%
Sales	*****	\$ 10,000	99%	<u>1</u>	<u>0.99</u>	<u>33%</u>	<u>33.0%</u>	<u>2</u>	<u>1.98</u>	<u>50%</u>	<u>49.5%</u>	<u>1</u>	<u>0.99</u>	<u>100%</u>	<u>99.0%</u>
Total				3	1.19	100%	39.7%	4	2.18	100%	54.5%	1	0.99	100%	99.0%
					/ 3				/ 4				/ 1		
					39.7%				54.5%				99.0%		
Nationwide taxable income \$ 3,000															
x % apportioned to Utah															
Income apportioned to Utah y result															
x Utah tax rate															
Utah Tax z tax															
							\$ 3,000				*****				*****
							39.7%				54.5%				99.0%
							\$ 1,190				*****				*****
							5%				5%				5%
							\$ 59				\$ 82				\$ 149